

City of Phoenix

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2020



City of Phoenix
Finance Department
251 W. Washington St., 9th Floor
Phoenix, AZ 85003

The information included in this report contains an overview of the City of Phoenix (City) economic condition and outlook, an analysis of the City's financial position, and information concerning the City's assets and debt. The purpose of this report is to provide our residents with easily understandable information about how their tax dollars are spent.

COMMUNITY PROFILE

Phoenix Population	1,635,879
Maricopa County Population	4,670,190
Phoenix Area (in square miles)	519.7
Per Capita Income	\$46,125

This report is based on the City of Phoenix Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This report contains more detailed information and focuses on the primary government and excludes the discretely presented component units of the City. The CAFR may be viewed in its entirety online at:

phoenix.gov/finance/cafr



Popular Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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Ed Zuercher, City Manager



Message from the City Manager

Greetings:

This marks our 10th annual City of Phoenix Popular Annual Financial Report which will provide an overview of the City’s financial outlook, financial position, assets and debt for the fiscal year ended June 30, 2020.

The 2019-2020 budget provided a balanced General Fund with several key service additions reflecting the comments received from the community and the Mayor and City Council regarding the importance of maintaining current City services and a strong City organization.

Phoenix continues to be an attractive place to live and work and is the nation’s most rapidly growing large city. Recent years have seen steady, diversified economic growth. The City continues to implement policies and standards to remain financially balanced and maintain or improve current service levels.

In May 2020, the City Council adopted a Coronavirus Relief Fund Strategic Plan including some new programs and expanded existing programs, such as the Homelessness response plan adopted on April 21, 2020, and the small business grant and loan funds administered through Phoenix Industrial Development Authority (IDA) and Phoenix Community Development Investment Corporation discussed on April 28, 2020. The proposed strategic plan for fiscal year 2020-21 includes three areas of emphasis: Community Investment (\$75M), City Operations (\$75M) and a Reserve for future needs (\$143M).

The City continues to maintain high quality credit ratings on General Obligation, Excise Tax, Water Revenue, Sewer Revenue and General Airport Revenue Bonds. These high-quality credit ratings provided an opportunity to favorably issue new Airport and Water Revenue Bonds in fiscal year 2020 and will provide additional opportunities in the future.

I want to thank the Mayor and City Council for their leadership in balancing the City budget, establishing a strategic plan for pandemic-related federal funds and focusing on services that make Phoenix a desirable city. I also want to thank all City departments and staff for their dedication to the community, especially in response to the global pandemic and its impact on our city. We value working smart, spending wisely and being kind to our customers. Most of all, thanks to the residents who care intensely about the city they live in.

Sincerely,
Ed Zuercher
City Manager

Phoenix Strategic Plan Focus Areas:

Financial Excellence - Maintaining fiscally sound and sustainable financial plans and budgets that reflect community values and residents’ priorities.

Infrastructure - Creating and maintaining high-quality and diverse infrastructure systems.

Public Safety - Maintaining safe neighborhoods throughout the City.

Innovation and Efficiency - Seeking continuous improvement and maintaining our culture of innovation and efficiency, including right-sourcing.

Neighborhoods and Livability - Ensuring healthy, safe and beautiful neighborhoods that enhance the quality of life for all residents.

Economic Development and Education - Ensuring a sustainable and forward-looking economic development strategy that encourages high-wage jobs.

Social Services Delivery - Encouraging new methods of social services that support independence, quality of life, and sustainable service.

Phoenix Team - Supporting our employees, volunteers, and community partners to work together in order to serve our residents with the highest standard of quality and customer service.

Sustainability - Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.

Technology - Focusing on a "web-enabled City" that embraces technological innovation and automated City services.



Message from the Chief Financial Officer

Dear Reader:

In an effort toward complete transparency, I am pleased to submit to residents the City of Phoenix Popular Annual Financial Report for the fiscal year ended June 30, 2020. The information presented in this report is based primarily on the City of Phoenix CAFR which is available in its entirety online at phoenix.gov/finance/cafr.

This summary of the CAFR has the objective of providing an easily understandable summary of the City's financial status. This report focuses on the entire financial picture of the City for all functions provided to our residents. The report includes information about City management, an overview of the City's economic outlook and key financial information concerning the City's revenues, expenditures, capital assets, and debt.

I hope that you find the information helpful and encourage you to access our audited CAFR on the City's website for more detailed information on the City's finances. Your questions, comments and suggestions regarding this report are welcome. You can contact the Finance Department at 602-262-7166.



Denise M. Olson
Chief Financial Officer

Sincerely,
Denise M. Olson,
Chief Financial Officer

Financial Excellence Strategic Plan:

- Maintain high bond ratings
- Develop capital and funding plans for critical infrastructure
- Provide accurate and reliable revenue and expenditure forecasting
- Maintain a transparent financial environment, free of fraud, waste, and abuse

Finance Department Mission:

To provide citywide financial leadership through the management of best in class business practices that safeguard the public's assets and provide our customers with transparency, information and financial expertise.

City of Phoenix, Arizona

Bond Ratings:

Description	Moody's	S & P	Fitch*
General Obligation	Aa1	AA+	AAA
Senior Lien Excise Tax Revenue	Aa2	AAA	AA+
Senior Lien Airport Revenue	Aa3	A+	-
Junior Lien Water Revenue	Aa2	AAA	-
Senior Lien Wastewater System Revenue	Aa2	AAA	-

*Currently, Fitch does not rate the City's Enterprise or Special Revenue credits.

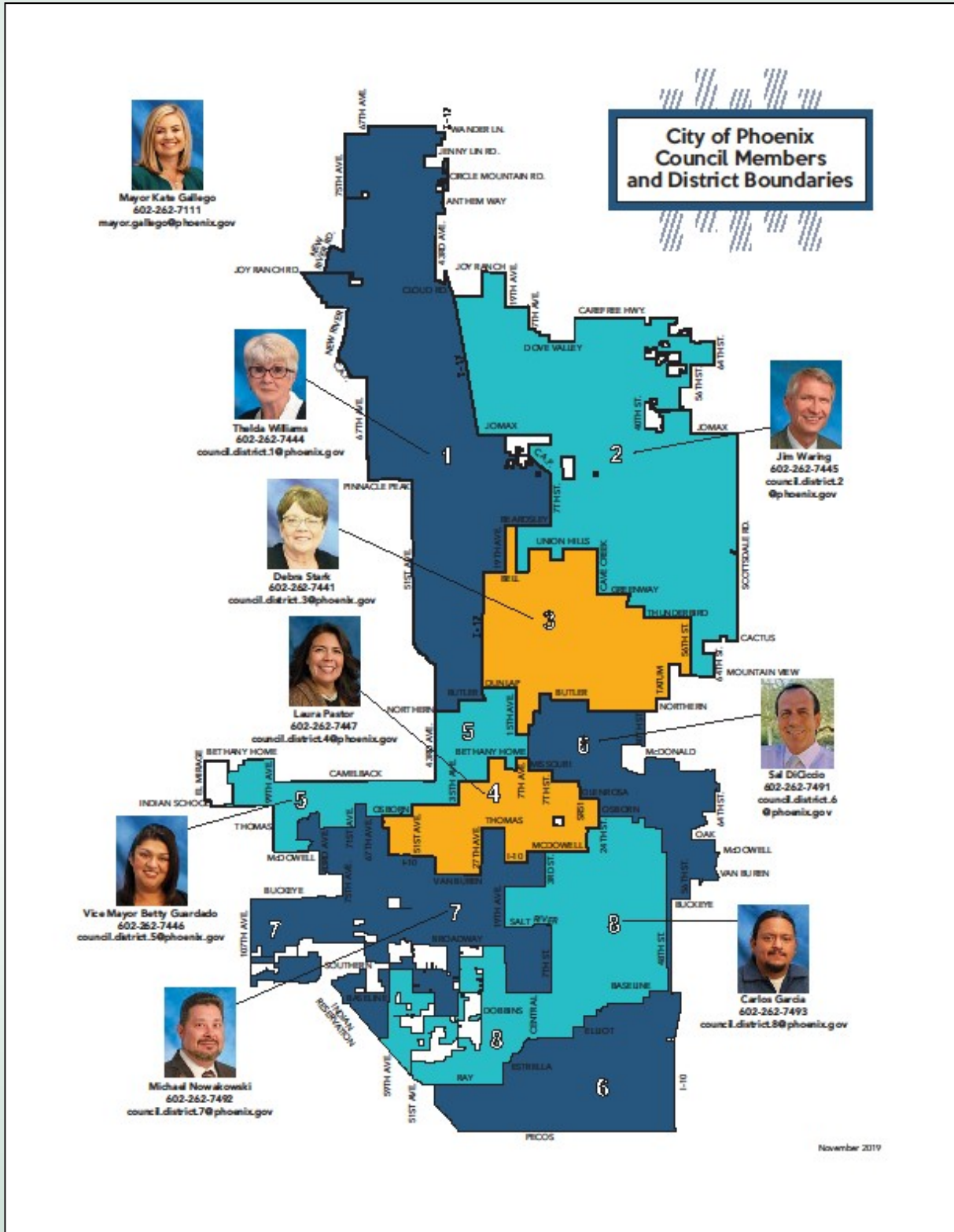
Note: See Exhibit H-11 in City CAFR for a comprehensive list of all bond ratings.





About Phoenix City Council

Phoenix operates under a Council-Manager form of government. Under this organizational structure, the Mayor and Council appoint a City Manager to act as the Chief Operating Officer. The Mayor and City Council set policy direction and the City Manager implements those policies. In 1982, an initiative was passed by the City voters creating a district system for electing council members. The Mayor is elected at-large, while Council members are elected by voters in each of eight separate districts they represent for four-year terms. The Mayor and each Council member have equal voting power.





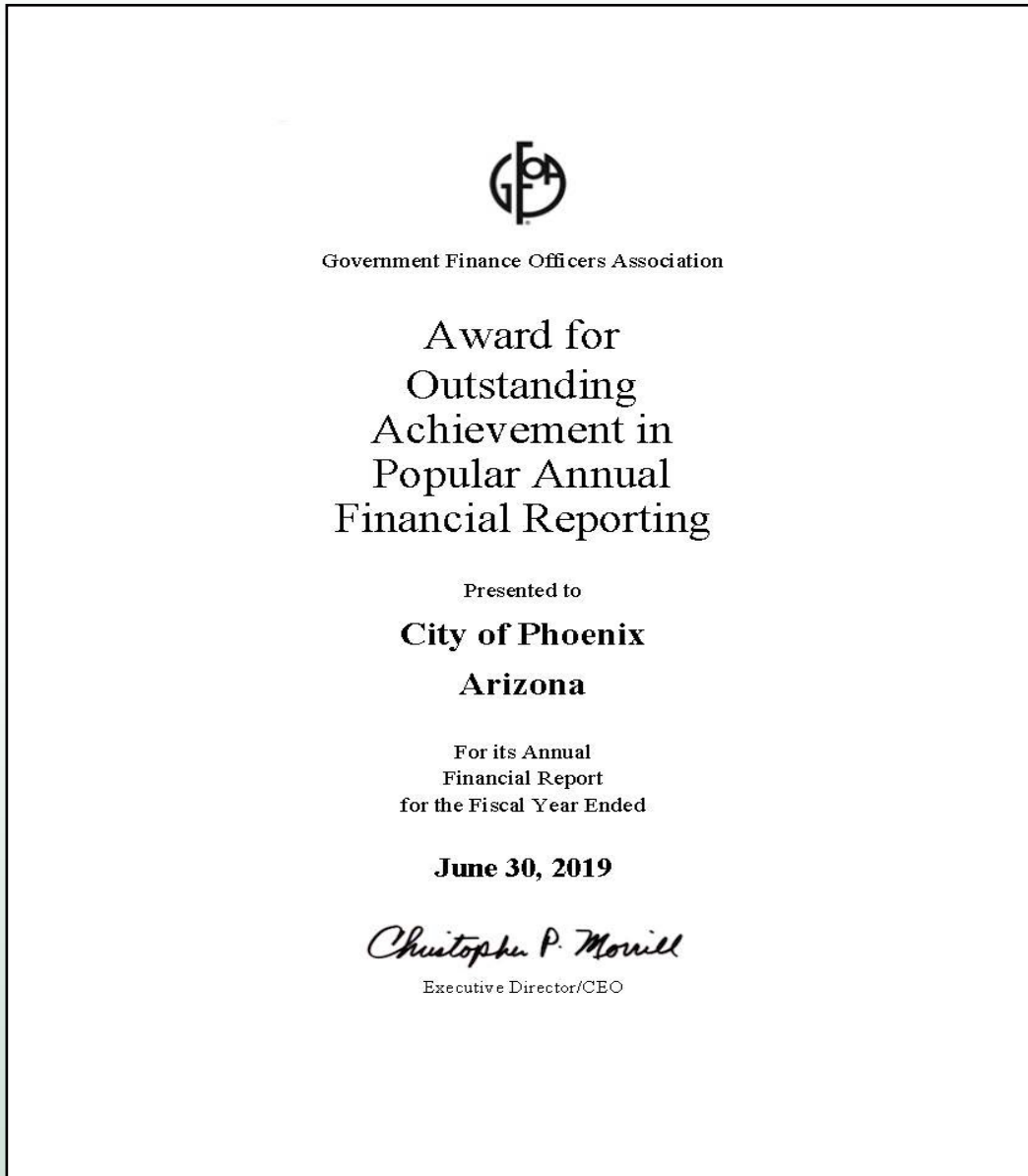
City of Phoenix

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Phoenix for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

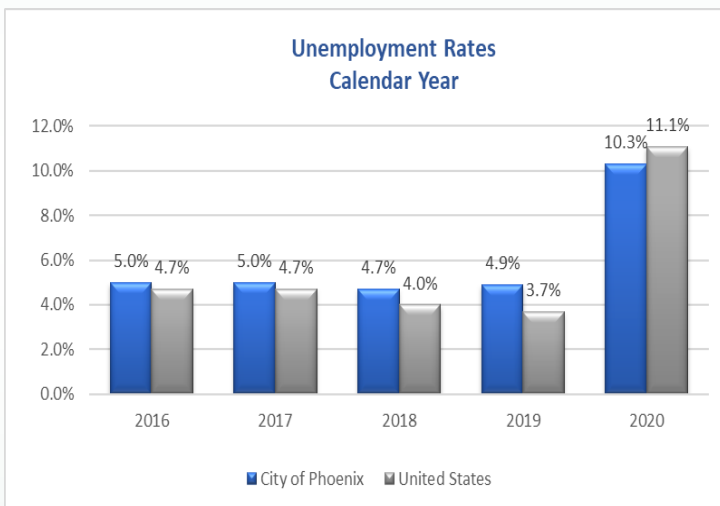
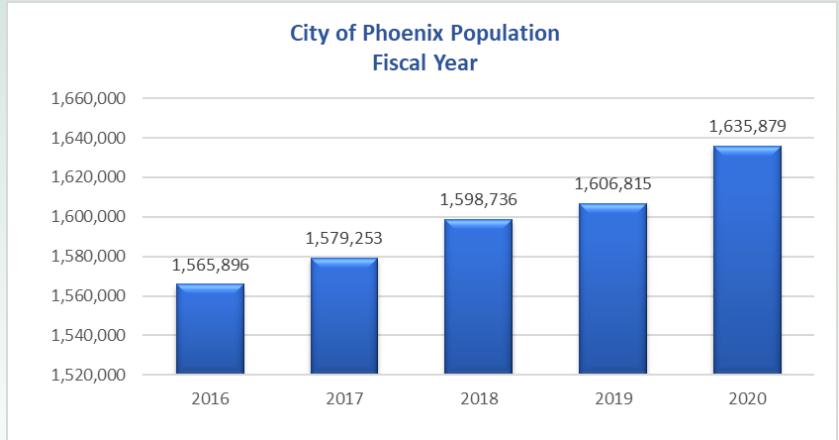




Where We've Been

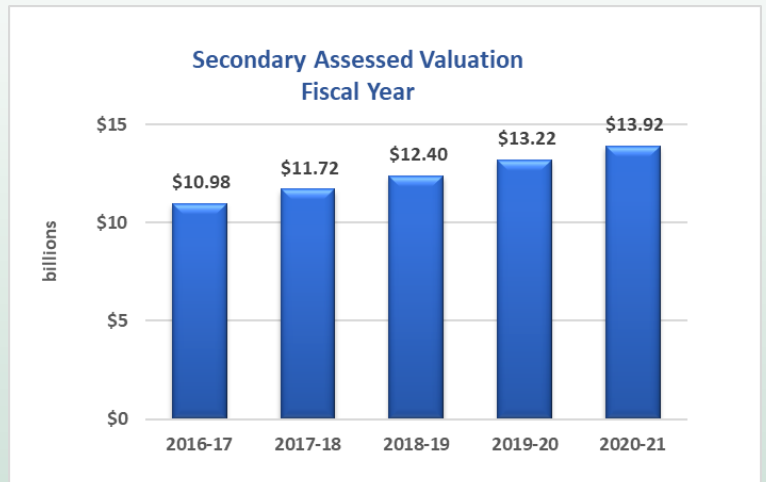
Phoenix continues to be an attractive place to live and work and has been one of the most rapidly growing metropolitan areas in the country in recent decades. Recent years have seen substantial growth in terms of population, employment, affordable housing and retail sales. The City continues to implement policies and standards to remain structurally balanced, maintain or improve current service levels and attract wealth generating companies.

Due to a strong economy before the COVID-19 pandemic, the City has maintained a strong financial position. The CARES Act funding received has enabled the City to continue to provide much-needed services to the most vulnerable residents and businesses.



Phoenix remains among the fastest growing cities in the country. During the period of 2010 to 2019, population growth was an estimated 16.2% in Phoenix as compared to estimated 6.3% for the U.S. In that same time frame, employment in the Phoenix area has grown 30.1% while employment in the U.S. grew 16.2%. As of June 2020, the non-seasonally adjusted unemployment rate for both the Phoenix area and the U.S. was 9.8% and 11.2% respectively. The Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities (55.2%); trade, transportation, and utilities (19.8%); government (10.2%); manufacturing (6.3%); construction (6.5%); information (1.8%); and natural resources and mining (0.2%).

Secondary assessed valuation is a measure of taxable property value. For fiscal year 2015-16, the primary assessed valuation and the secondary assessed valuation were combined into a single valuation of \$10.6 billion. Between fiscal years 2015-2016 and 2019-2020, the assessed valuation increased by 24.5% to \$13.2 billion. The assessed valuation increased another 5.3% to \$13.9 billion for fiscal year 2020-2021. On July 3, 2019 the Phoenix City Council voted to decrease the City total property tax rate (primary and secondary) to \$2.13 from \$2.14 per \$100 assessed valuation.





City of Phoenix

Where We're Headed

The City of Phoenix and Phoenix Suns are partnering on a \$230 million renovation of PHX Arena in the heart of downtown. The transformation began in 2019 and with the COVID-19 pandemic shutting down events nationally by March 2020, the pace of renovation activity picked up earlier than originally planned. Given the pandemic-induced changes to the 2020 and 2021 NBA seasons, work continued deeper into the year as well, which will result in a majority of the repairs and improvements complete by December 2020. At that time, as guests are allowed to return, fans can expect a completely reimagined arrival experience, upgraded technology throughout, new seating and enhanced food and beverage options. The event level, seating bowl, main concourse and club areas will be transformed by this time. Renovations continue through fall 2021, focusing on the upper concourse, suites and exterior.



The PHX Sky Train® is an electrically-powered, automated people mover that operates 24-hours a day, 365 days a year. It provides a seamless connection among the three terminal buildings, East Economy parking and the Valley Metro Light Rail. The PHX Sky Train® will also connect to the Rental Car Center when the final phase is complete in 2022.





Government-Wide Statement of Net Position

June 30, 2020 and 2019 (in thousands)	Total City Government	
	2020	2019
Assets:		
Cash and investments	\$ 2,673,749	\$ 2,364,781
Current and other assets	3,720,254	3,054,258
Capital assets, net of depreciation	12,757,460	12,303,479
Total assets	19,151,463	17,722,518
Deferred outflows of resources	756,463	612,571
Liabilities:		
Long-term liabilities	12,665,699	11,366,706
Other liabilities	1,265,095	1,152,212
Total liabilities	13,930,794	12,518,918
Deferred inflows of resources	195,962	137,062
Net position:		
Net investment in capital assets	6,781,877	6,731,309
Restricted	1,473,651	1,598,977
Unrestricted	(2,474,358)	(2,651,177)
Total net position	\$ 5,781,170	\$ 5,679,109

Current and other assets - Assets that one can reasonably expect to convert to cash, sell, or use within one year.

Capital assets - The City's long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Page 11 provides more detailed information on capital assets.

Deferred outflows of resources - A consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Long-term liabilities - Represents mainly debt obligations and net pension liability of the City. The proceeds from various debt issues are used to finance large projects such as road construction and major equipment purchases. Net pension liability is the total pension obligation for current and retired employees minus assets held in trust to meet those obligations.

Other liabilities - These are primarily debts that can be paid off in one year or less. This includes accounts payable, accrued payroll, and accrued interest payable.

Deferred inflows of resources - An acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net investment in capital assets - This represents the City's investment in its capital assets less accumulated depreciation and any outstanding debt attributable to the acquisition, construction, or improvement of these assets.

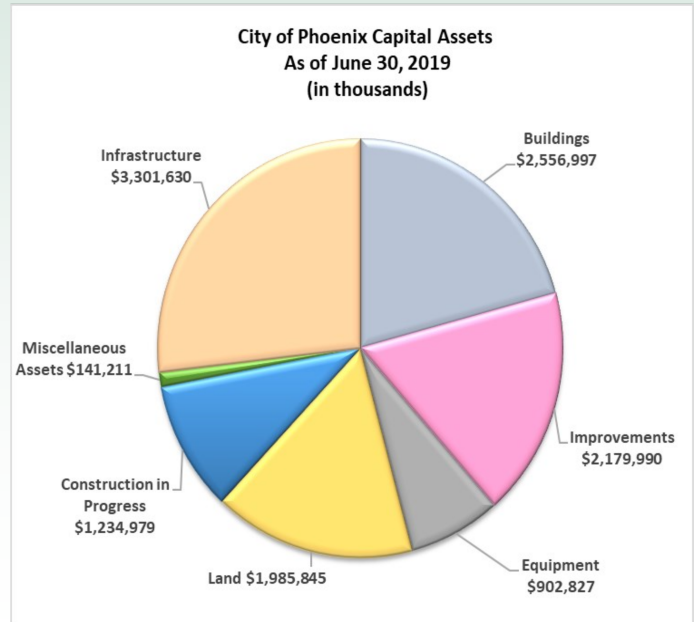
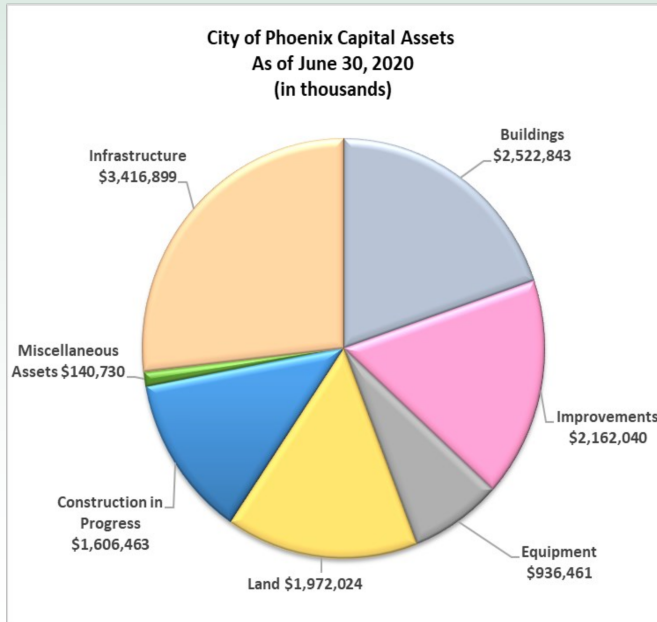
Restricted net position - Resources whose use is subject to externally imposed restrictions. The City has resources set aside for debt service payments, development impact fees restricted to growth-related projects, other capital projects, and required reserves.

Unrestricted net position - Resources available to the City to provide services to the citizens and creditors if there were no additional revenues or resources available.



Capital Assets

The City invests in capital assets to provide services to and enhance the quality of life of our residents. As shown on the previous page, the City's total capital assets (net of depreciation) was \$12.8 billion and \$12.3 billion for the fiscal years ended June 30, 2020 and 2019, respectively. This total is made up of the following asset categories:



Asset Category Definitions:

- **Buildings** include police and fire stations, courts, libraries, recreation facilities and sports facilities.
- **Improvements** include upgrades such as parking lots, fences, bus shelters, playgrounds, sports courts and fields, and water treatment facilities.
- **Equipment** includes garbage and recycling trucks, police cars, fire engines, and light rail cars.
- **Land** means real estate purchased to provide services to residents like parks or police stations.
- **Construction in Progress** reflects the cost of all projects for construction of buildings, other improvements, and equipment that are in progress and not yet completed.
- **Miscellaneous Assets** include artwork, software, and water rights.
- **Infrastructure** includes water and sewer lines, streets, bridges and storm drains.

Major Additions to Capital Assets during the Fiscal Year 2019-20:

- Design and construction related to the PHX Sky Train at Sky Harbor International Airport valued at \$244.1 million.
- Various street and storm sewer projects throughout the City valued at \$197.3 million.
- New and replacement water and sewer mains throughout the City valued at \$109.2 million.
- Water and wastewater distribution and collection facilities projects valued at \$106.9 million.
- Aviation terminal 3 improvements valued at \$72.3 million.
- Various water and wastewater treatment plant projects valued at \$59.6 million.
- Talking Stick Resort Arena renovation project valued at \$55.7 million.
- Aviation terminal 4 improvements valued at \$55.2 million



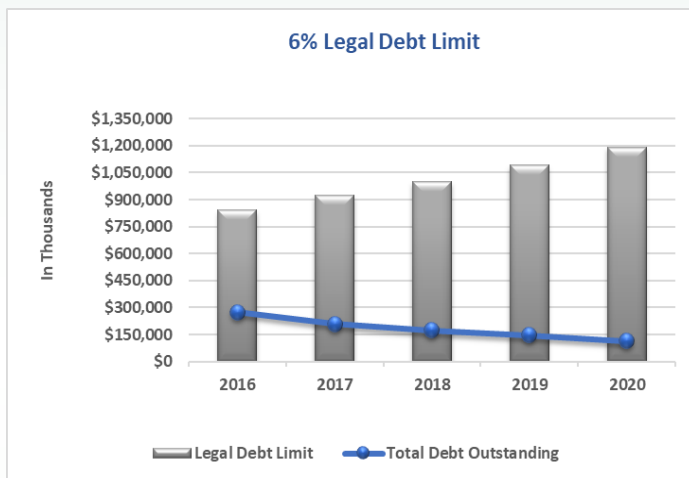
Debt

The City utilizes general obligation bonds, revenue bonds, loans from direct borrowing, and special assessment bonds for long-term financing of facilities.

General Obligation Bonds

The City typically issues general obligation bonds to fund the capital projects of general government (non-enterprise) departments. These projects include cultural facilities, fire, police, library, parks and recreation, mountain preserves, storm sewers, streets, and transportation. The annual debt service on these bonds is paid from secondary property taxes.

State law dictates that revenue collected for the City's secondary property tax levy be used solely to pay principal and interest on long-term debt. The law imposes two limits on the total of general obligation debt; an amount equal to 20% of the City's secondary assessed valuation can be issued to fund capital projects for water, sewer, artificial light, open space preserves, parks, playgrounds, streets, and facilities for recreation, law enforcement, fire, emergency services, and transportation. An amount equal to 6% of the secondary assessed valuation can be issued for all other purposes. These limits are known as the Legal Debt Limit.



Revenue Bonds

State law authorizes the City to issue voter-approved highway user revenue and utility revenue bonds. The City currently has no outstanding voter-approved revenue bonds.

Loans from Direct Borrowings

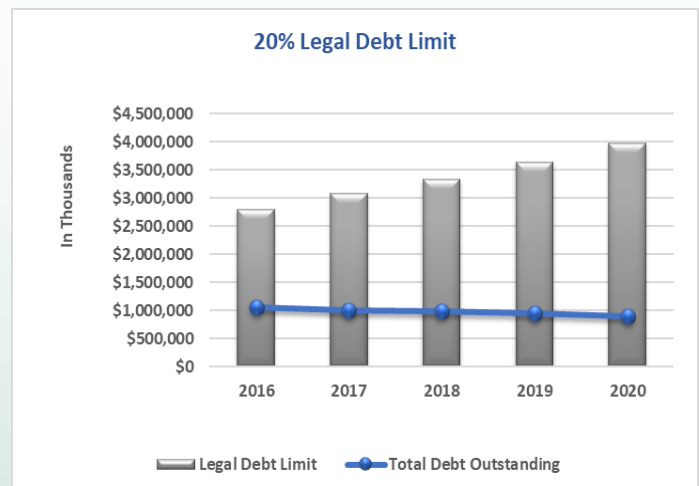
The loan from direct borrowings is payable from and secured by a subordinated lien on the City's excise tax revenues on parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. The loan from direct borrowings is not issued through CIC. The loan is the City's debt.

Municipal Corporation Obligations

Revenue bonds are secured by taxes, user fees, and charges for services and are not considered a general obligation of the City. This includes Municipal Corporation bonds issued by the City of Phoenix Civic Improvement Corporation (the "CIC"), an affiliated nonprofit corporation that issues bonds or certificates of participation to finance certain facilities and equipment. The City makes lease purchase payments to cover the principal and interest on those obligations.

Special Assessment Bonds

Proceeds from special assessment bonds are used for improvements such as paving, sidewalks, and sewers. These bonds are secured by payments due from assessed property owners.



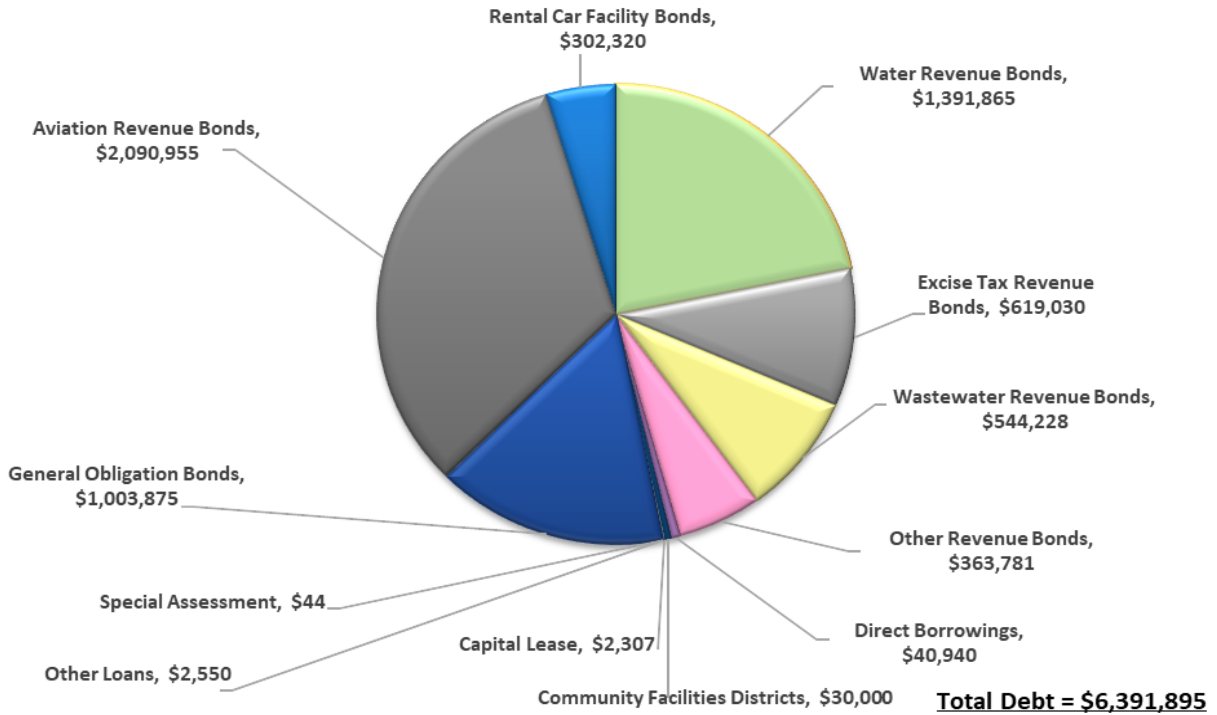
Community Facilities Districts

The Park Central Community Facilities District ("PCCFD") was formed on August 29, 2018, by the Mayor and Council of the City in order to provide public infrastructure within the boundaries of PCCFD for development of a multi-use residential, commercial and retail project known as "Park Central." In June 2019, PCCFD issued \$30.0 million of Special Assessment Revenue Bonds, Taxable Series 2019. The bonds issued by the PCCFD are payable solely from amounts collected pursuant to the special assessments and are not an obligation of the City. Proceeds of the bonds are for the construction of a parking garage.

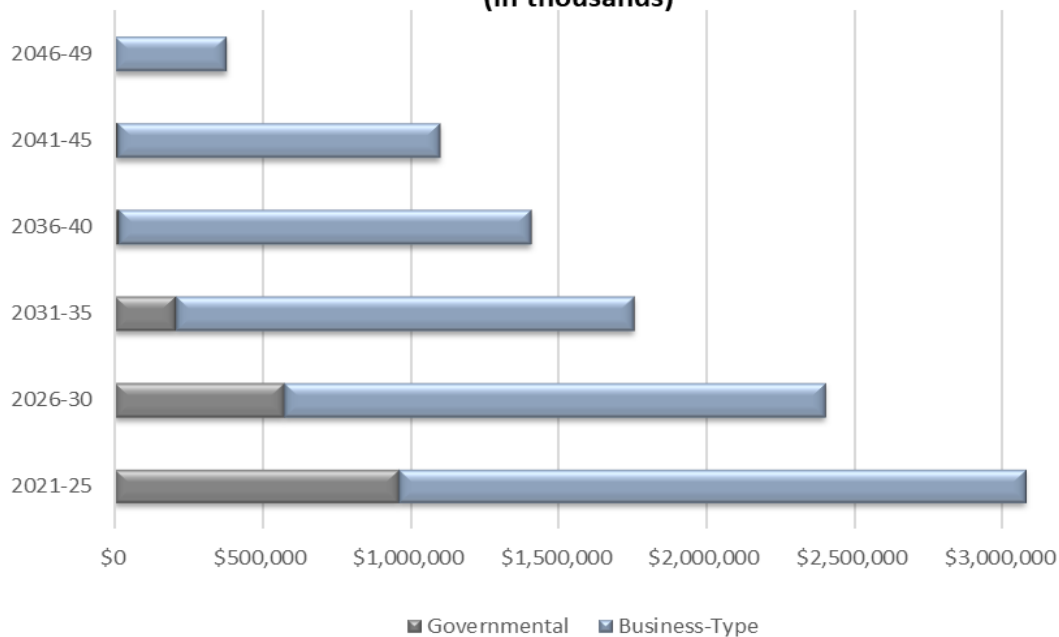


Debt (continued)

2020 Outstanding Debt by Type (in thousands)

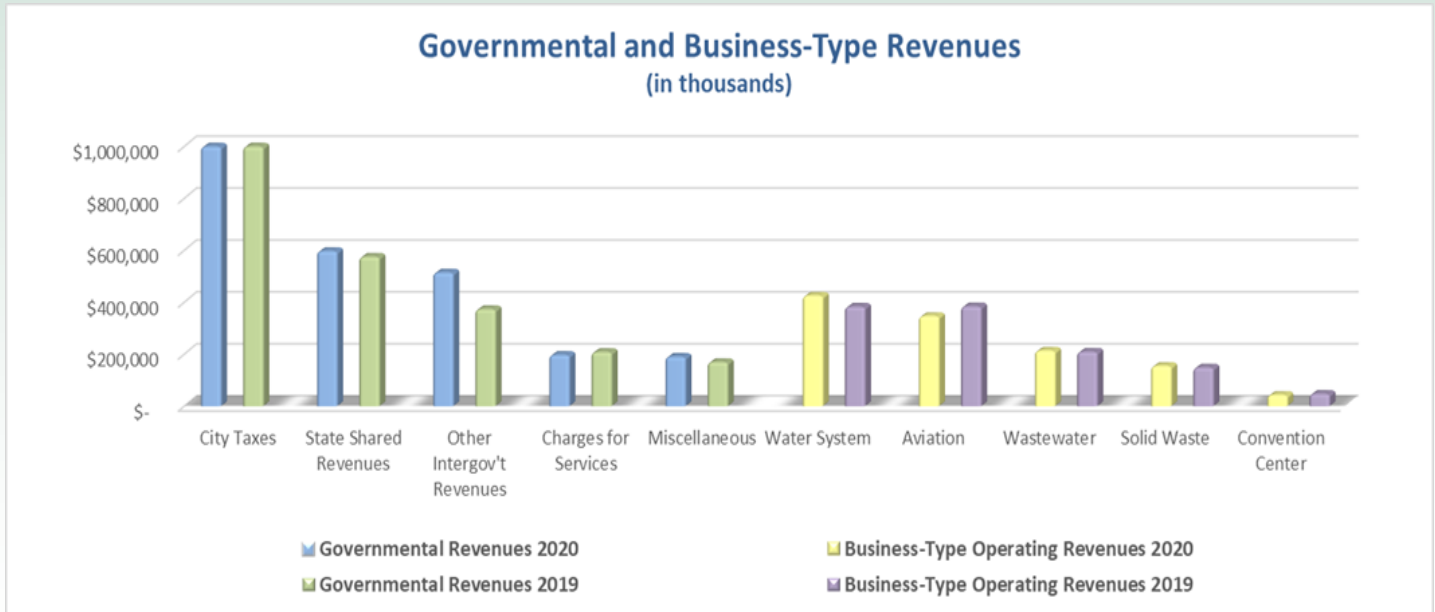


Debt Service Requirements: Governmental and Business-Type Activities (in thousands)





Where the Money Comes From



	City Taxes	State Shared	Other Intergov't	Charges for Services	Miscellaneous	Total
Governmental Revenues—2020	\$ 1,287,094	\$ 597,310	\$ 514,522	\$ 197,396	\$ 190,189	\$ 2,786,511
Governmental Revenues—2019	\$ 1,261,164	\$ 575,278	\$ 373,465	\$ 208,584	\$ 169,762	\$ 2,588,253
	Water System	Aviation	Wastewater	Solid Waste	Convention Center	Total
Business-Type Operating Revenues—2020	\$ 425,390	\$ 346,852	\$ 213,562	\$ 154,685	\$ 43,040	\$ 1,183,529
Business-Type Operating Revenues—2019	\$ 382,915	\$ 384,400	\$ 209,415	\$ 148,728	\$ 47,381	\$ 1,172,839

Governmental Revenues

Governmental funds are used to account for the basic functions of the City, such as police, fire, courts, streets, parks, libraries and public housing. The major governmental revenue categories are:

City Taxes: Includes sales taxes, property taxes, franchise fees, special taxing district revenues, and payments in-lieu of taxes.

State Shared Revenues: The state of Arizona shares certain revenues with cities, such as income tax, state sales tax, vehicle license tax, and highway user revenues, as required by various state statutes.

Other Intergovernmental Revenues: Federal grants and revenues from other government sources.

Charges for Services: Revenues collected for services such as building inspections, court and police fees and public transit fares.

Miscellaneous: Investment income, dwelling rentals, concession sales, fines, licenses and permits.

Business-Type Revenues

Business-type funds are used to account for activities that are financed and operated in a manner similar to private businesses. These funds are considered self-supporting in that the services rendered are generally financed through user charges or fees. The operating revenues shown in the chart do not include grants or transfers. In general, business-type revenues can only be used to support the expenditures of the business-type fund in which it was earned. The major business-type revenues are Water System, Aviation, Wastewater, Solid Waste and Convention Center.



Where the Money Comes From

(continued)

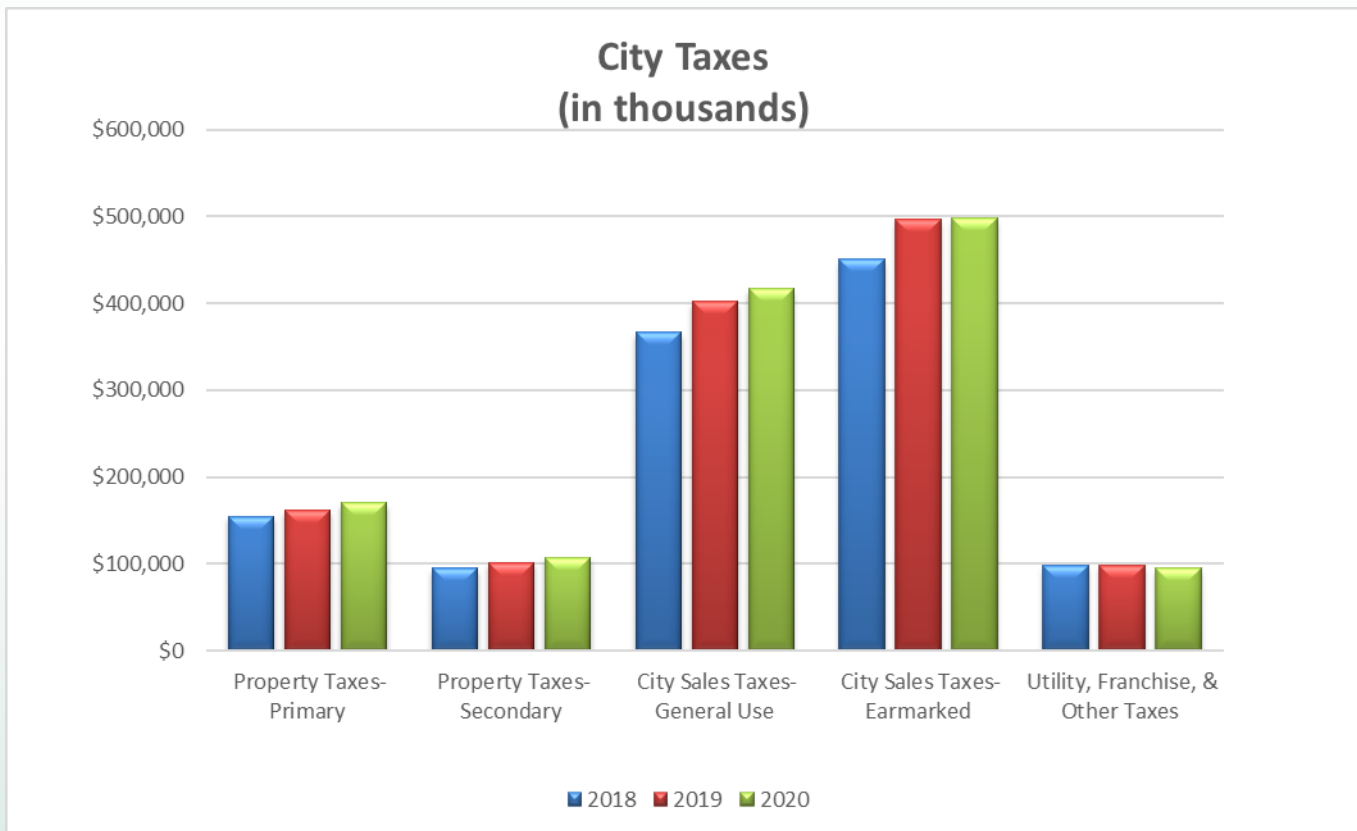
Governmental Revenues Fiscal Year 2020

City taxes account for 46% of governmental fund revenues. Some revenues are earmarked for specific uses, while others are available for general use.

Property Taxes - Arizona’s property tax system provides for two separate tax systems - 1) a primary system for taxes levied to pay current operation and maintenance expenses; and - 2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of the maximum permissible bonded indebtedness.

City Sales Taxes - Sales tax revenues are either earmarked for specific uses, such as public safety, transit, or the convention center, or are available for general use. This category not only includes retail sales tax, but also hotel/motel taxes, commercial rental, construction contracting, and motor vehicle rentals among others.

Utility, Franchise and Other Taxes - These taxes include franchise fees paid by public utilities, telecommunications companies, and cable television businesses. These taxes are available for general use.



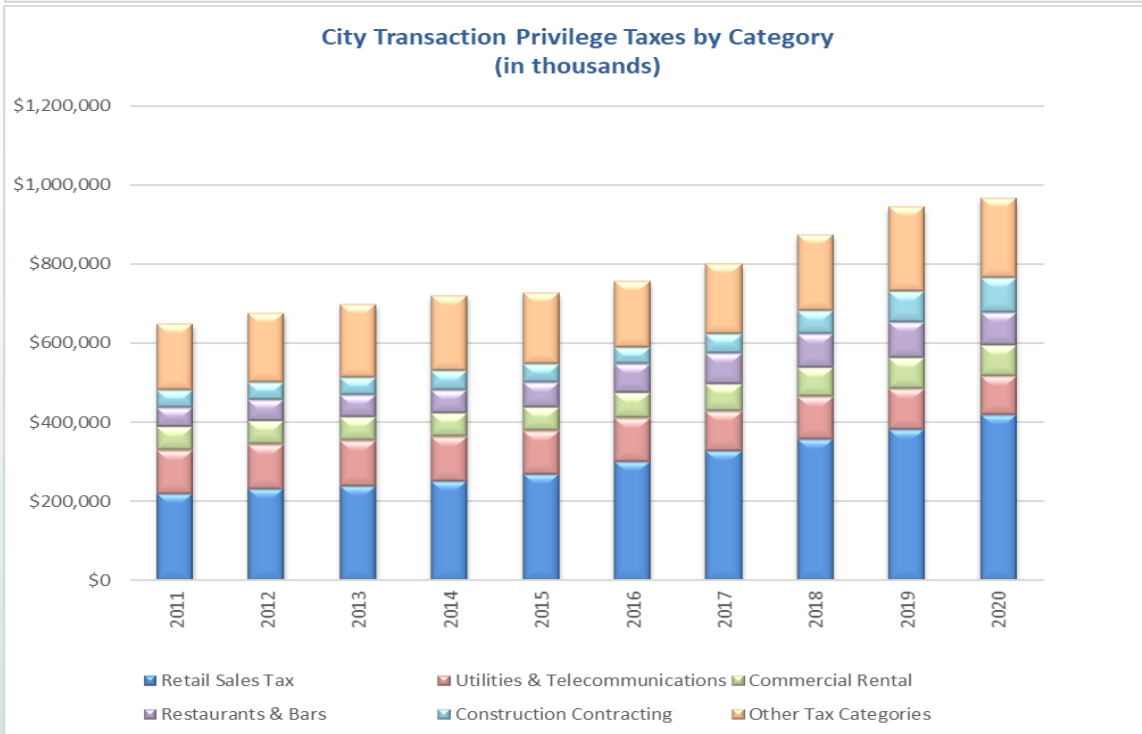
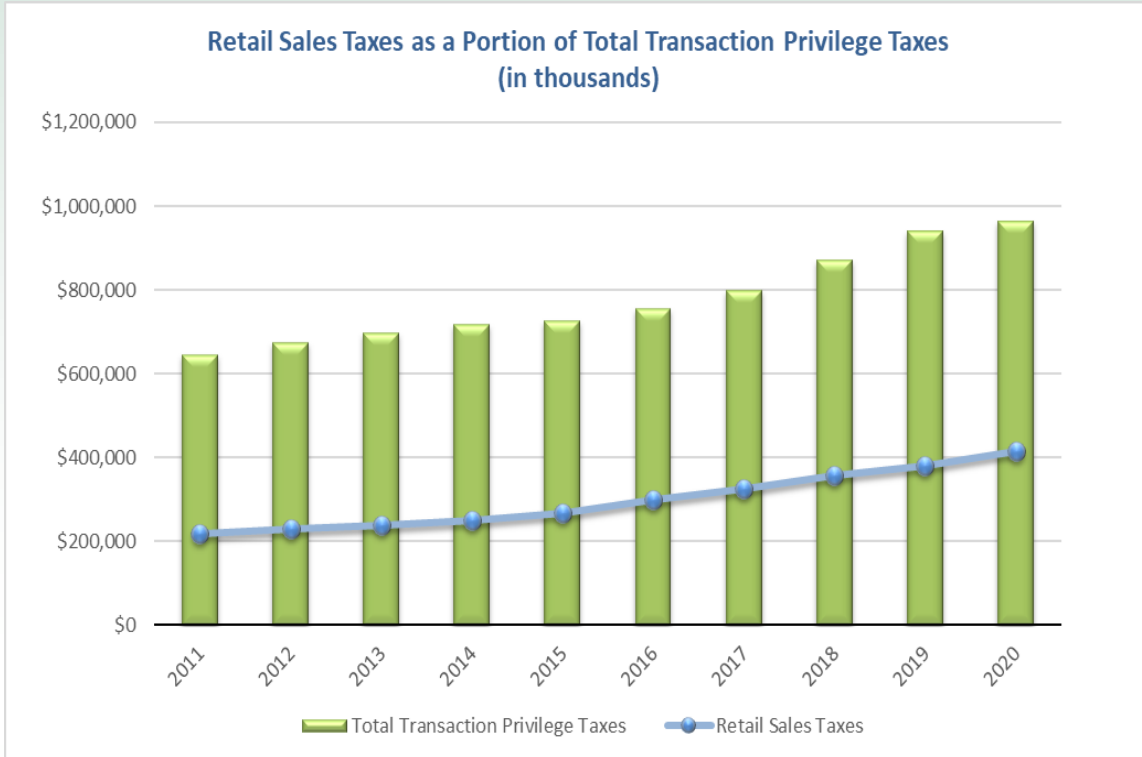
On average, for every tax dollar the City receives, \$0.08 is spent on debt service and \$0.46 is earmarked for specific spending purposes, such as public safety or transportation. That leaves \$0.46 of every tax dollar to spend on general fund programs.



Where the Money Comes From

(continued)

Transaction Privilege Taxes are imposed on various business activities. Revenues from these activities or tax categories are distributed to various funds depending on the tax allocation structure approved by voters. The retail sales tax fund distribution is shown on the following page.



Other tax categories include hotel/motel lodging, apartment/residential rental, motor vehicle rental, amusements, advertising, job printing, publishing, use tax, jet fuel, and retail food sales.



Where the Money Goes

Where Your Retail Sales Tax Dollar Goes

Effective January 1, 2016, the City of Phoenix implemented a multi-level tax rate which impacted Retail Tax: 1) Level 1 at 2.3% for first amount equal to or less than \$10,000 for a single item, 2) Level 2 at 2.0% for amounts greater than \$10,000 for a single item. Adding in the state and county sales tax rates, the total tax rate for most items purchased at retail in the City is 8.6%.

2.3%	City of Phoenix
5.6%	State of Arizona
0.7%	Maricopa County
8.6%	Total Phoenix Sales Tax Rate

Where the Phoenix 2.3% Goes:

1.2% General Fund — The General Fund provides for many of the major functions of the City including public safety (police and fire), courts, street maintenance, park & recreation services, preserving & revitalizing Phoenix neighborhoods, and advancing environmental protection & sustainability programs. It is the primary operating fund of the City.

0.7% Transportation 2050 — Phoenix voters approved Transportation 2050, a 0.7% sales tax, effective January 1, 2016, to fund the City’s Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. This tax supersedes the 0.4% Transit 2000 sales tax approved by voters in March 2000.

0.2% Public Safety Expansion — This ordinance, approved by voters in 2007, provides for the funding of additional police officers and firefighters.

0.1% Neighborhood Protection — Fund Created in 1993 as a result of the enactment of the Neighborhood Protection Ordinance (Proposition 301), this fund expanded Police, Fire, and Neighborhood Block Watch Programs.

0.1% Parks and Desert Preserves — In 2007, Phoenix voters reauthorized the Phoenix Parks and Preserve Initiative that provides funds to save thousands of acres of state trust land, make improvements to neighborhood and community parks, and build regional parks.





Where the Money Goes

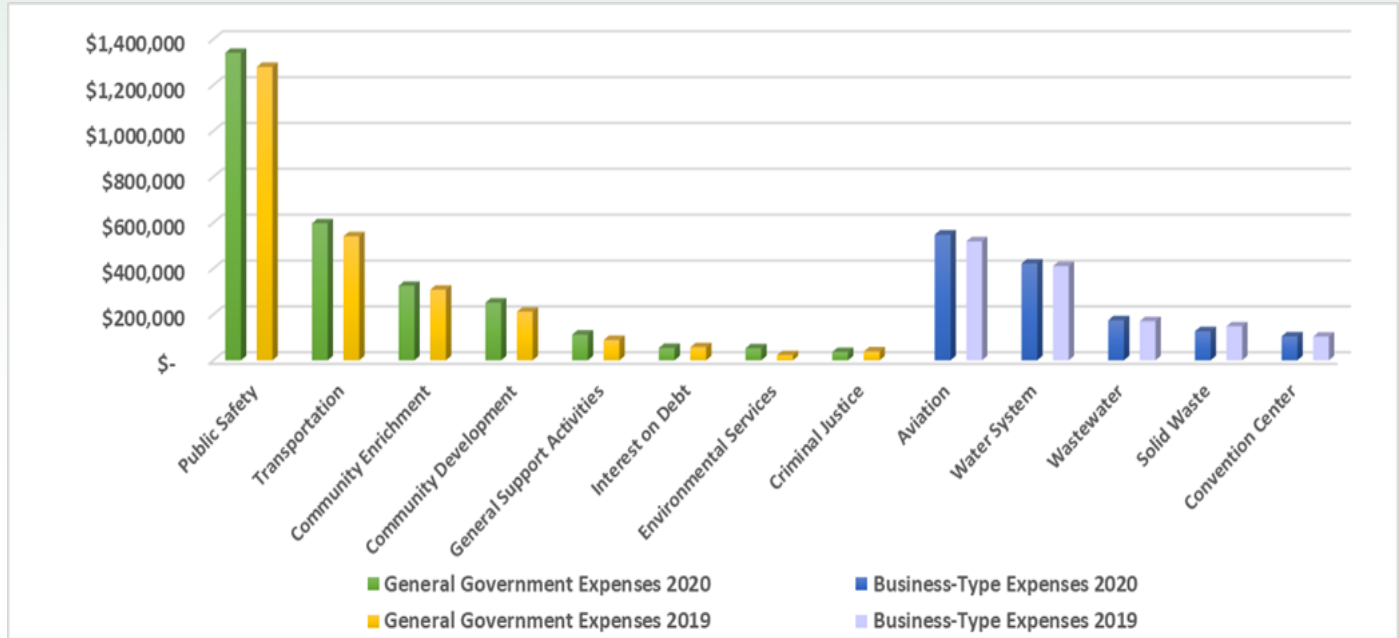
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Governmental and Business-Type Expenses For the Years Ended June 30, 2020 and 2019

(in thousands)

Total Expenses: FY20 - \$ 4,117,422

Total Expenses: FY19 - \$ 3,894,763

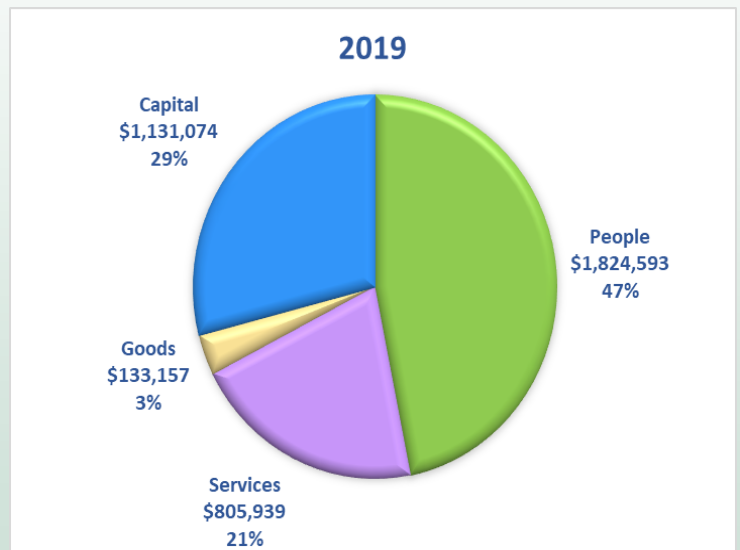
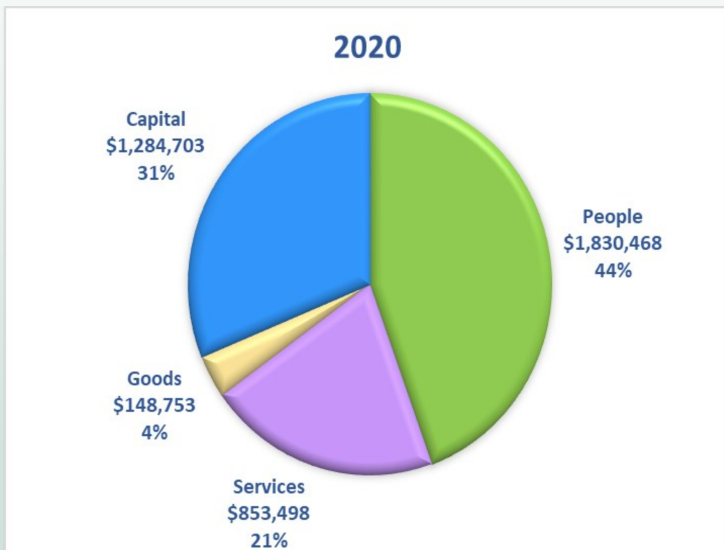


People - the cost of employees including wages and benefits

Capital - costs of property, plant and equipment; primarily depreciation and interest

Services - contractual services provided by external entities

Goods - inventories, supplies, and materials





Where the Money Goes

(continued)

	2020						
	People	Services	Goods	Capital	Total	% of Subtotal	% of Total
General Government							
Public Safety	\$ 1,130,363	\$ 60,054	\$ 24,742	\$ 125,219	\$ 1,340,379	48.85%	32.55%
Transportation	83,960	257,504	23,836	208,839	574,139	20.93%	13.94%
Community Enrichment	124,079	90,782	12,628	97,063	324,553	11.83%	7.88%
Community Development	88,494	134,212	2,059	26,443	251,207	9.16%	6.10%
General Support Activities	56,596	24,284	4,444	26,098	111,422	4.06%	2.71%
Interest on Debt	-	-	-	53,629	53,629	1.95%	1.30%
Environmental Services	8,038	12,950	8,005	23,375	52,369	1.91%	1.27%
Criminal Justice	29,169	5,769	560	553	36,050	1.31%	0.88%
Subtotal	1,520,700	585,554	76,274	561,220	2,743,748	100%	66.64%
Business-Type							
Aviation	94,678	150,799	11,983	290,130	547,590	39.86%	13.30%
Water System	108,584	23,560	53,388	236,009	421,541	30.69%	10.24%
Wastewater	24,873	29,306	2,255	117,825	174,259	12.69%	4.23%
Solid Waste	58,690	38,485	3,592	25,534	126,301	9.19%	3.07%
Convention Center	22,943	25,794	1,261	53,985	103,983	7.57%	2.53%
Subtotal	309,768	267,944	72,479	723,483	1,373,674	100%	33.36%
TOTAL	\$ 1,830,468	\$ 853,498	\$ 148,753	\$ 1,284,703	\$ 4,117,422		100%

	2019						
	People	Services	Goods	Capital	Total	% of Subtotal	% of Total
General Government							
Public Safety	\$ 1,108,568	\$ 60,477	\$ 22,478	\$ 87,333	\$ 1,278,856	50.27%	32.84%
Transportation	72,064	258,834	24,762	184,891	540,551	21.25%	13.88%
Community Enrichment	143,050	78,754	14,688	70,913	307,405	12.08%	7.89%
Community Development	80,544	109,776	987	20,241	211,548	8.31%	5.43%
General Support Activities	49,853	18,040	1,185	19,082	88,160	3.47%	2.26%
Interest on Debt	-	-	-	57,014	57,014	2.24%	1.46%
Environmental Services	9,616	447	1,565	10,734	22,362	0.88%	0.57%
Criminal Justice	31,247	6,033	434	583	38,297	1.51%	0.98%
Subtotal	1,494,942	532,361	66,099	450,791	2,544,193	100%	65.32%
Business-Type							
Aviation	100,130	140,013	10,777	267,542	518,462	38.39%	13.31%
Water System	121,798	23,424	49,119	216,295	410,636	30.40%	10.54%
Wastewater	22,714	27,346	2,139	118,074	170,273	12.61%	4.37%
Solid Waste	63,394	57,735	3,872	23,060	148,061	10.96%	3.80%
Convention Center	21,615	25,060	1,151	55,312	103,138	7.64%	2.65%
Subtotal	329,651	273,578	67,058	680,283	1,350,570	100%	34.68%
TOTAL	\$ 1,824,593	\$ 805,939	\$ 133,157	\$ 1,131,074	\$ 3,894,763		100%



Where the Money Goes

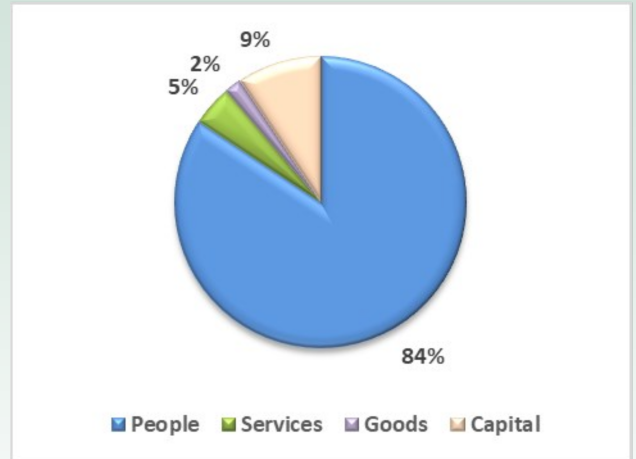
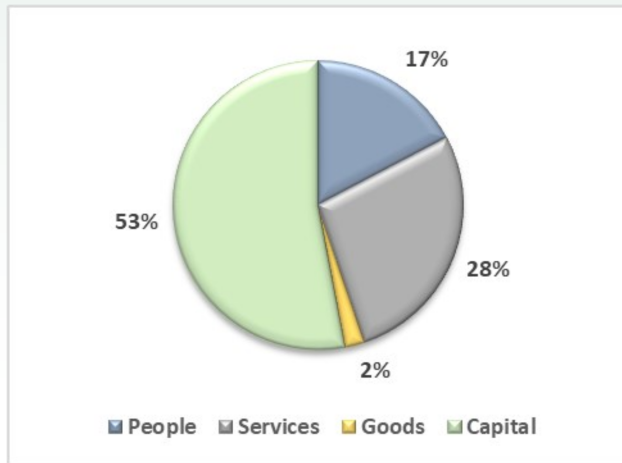
(continued)

Public Safety Expenses

FY20 = \$1,340,379

(in thousands)

The City's largest expense category is Public Safety. This includes the Police and Fire departments. The Police Department provides law enforcement and community resources for police services and the protection of the lives and property of our residents. The Fire Department provides safety of life and property through fire prevention, fire control and emergency medical and public education services.

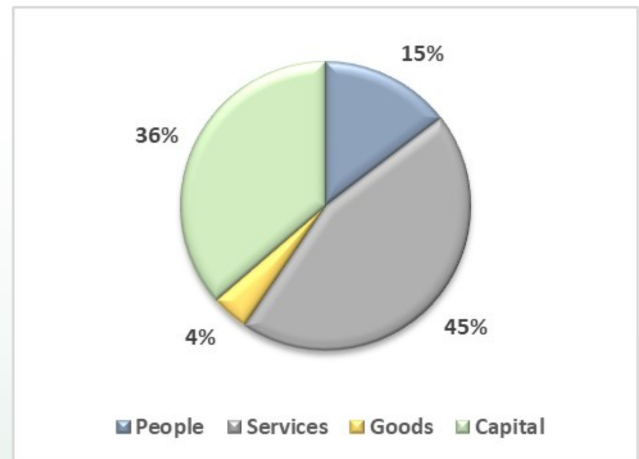


Aviation Expenses

FY20 = \$547,590

(in thousands)

The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports and aviation facilities that accommodate general and commercial aviation in a safe, efficient and convenient manner. Major facilities include Sky Harbor International Airport, Deer Valley Airport, Goodyear Airport and the Rental Car Center at Sky Harbor.

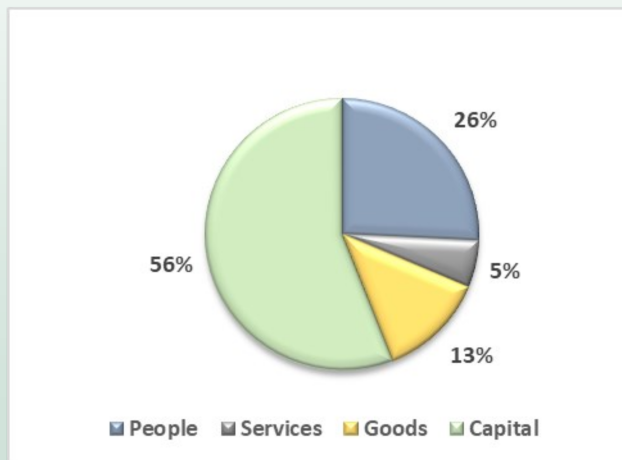


Transportation Expenses

FY20 = \$574,139

(in thousands)

Transportation expenses include costs incurred by the Street Transportation and Public Transit departments. The Street Transportation expenditures are primarily capital costs for designing, building and maintaining City streets. Additionally, Street Transportation also administers street lights, parking meters and traffic management. The majority of Public Transit expenditures are for service contracts related to bus and light rail operations.



Water Expenses

FY20 = \$421,541

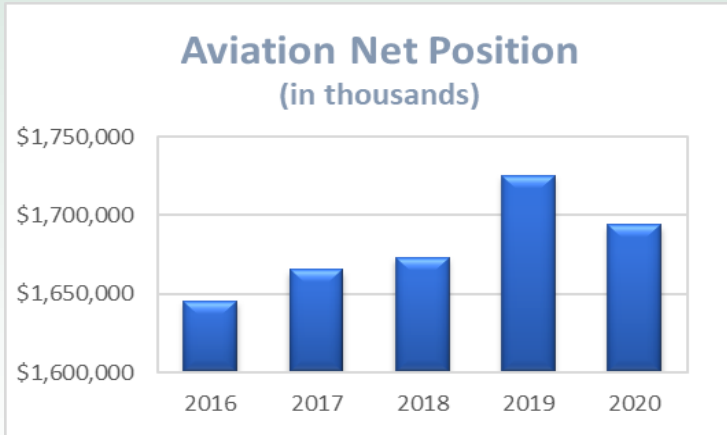
(in thousands)

The City's Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. All of Phoenix's water is treated at one of five water treatment plants before traveling through 7,000 miles of distribution lines to customers' taps within a 540-square-mile service area.



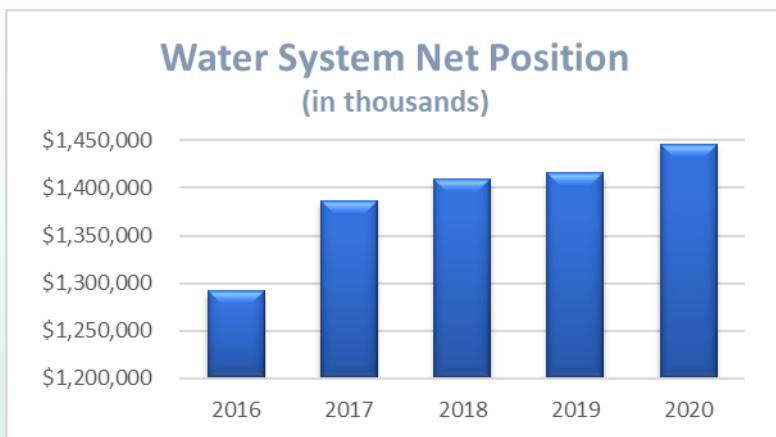
Business-Type Net Position

Business-type funds (or Enterprise Funds) are used to report activity for which a fee is charged to users for goods or services, similar to private business. These funds can only be used to pay for the operational expenses of each business-type activity, including most of the capital improvements. Therefore, fees are set to recover all costs associated with providing these services.



The graphs on the next two pages show the net position balances for the City's four largest business-type funds. The net position balance is the difference between the assets and liabilities of each fund. The largest portion of the City's net position reflect investments in capital assets, such as land, buildings, and equipment. The excess of revenues over expenses in a fiscal year contribute to the net position of a fund. Over time, increases or decreases in net position may serve as a useful indicator of changes in a fund's financial position.

	2016	2017	2018	2019	2020
Scheduled Airlines	19	19	21	23	20
Aircraft Traffic Movement (in thousands)	927	923	925	974	932
Passengers Arriving and Departing (in thousands)	44,158	43,533	44,340	45,531	34,726



The City's Water System program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The major component of the Water System's net position is its investment in capital assets, which includes water mains, hydrants, meters, and service connections.

	2016	2017	2018	2019	2020
Production (billions gallons)	97.6	97.8	102.7	94.9	97.5
Average Daily Production (million gallons)	266.8	268.1	281.4	260.7	266.3
Miles of Water Main	6,882	6,888	6,967	6,980	7,007
Number of Accounts	416,303	423,569	421,226	425,492	429,739

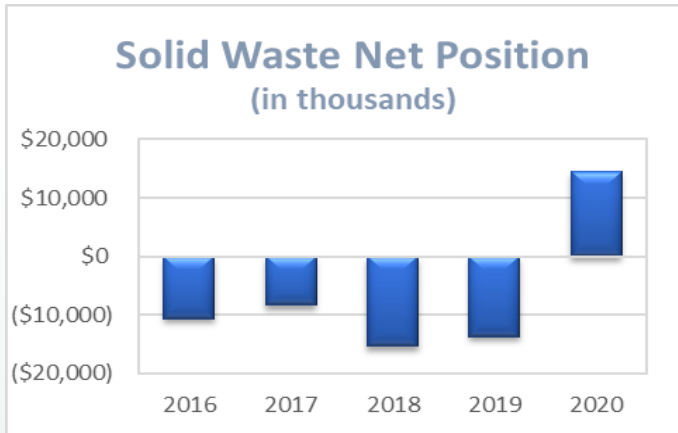


Business-Type Net Position (continued)



The Wastewater program assists in providing a clean, healthy environment through the effective management of all water borne wastes generated within the Phoenix drainage area.

	2016	2017	2018	2019	2020
Miles of Sewer Lines	4,846	4,847	4,890	4,906	4,896
Number of Accounts	406,967	410,952	414,559	413,967	417,633



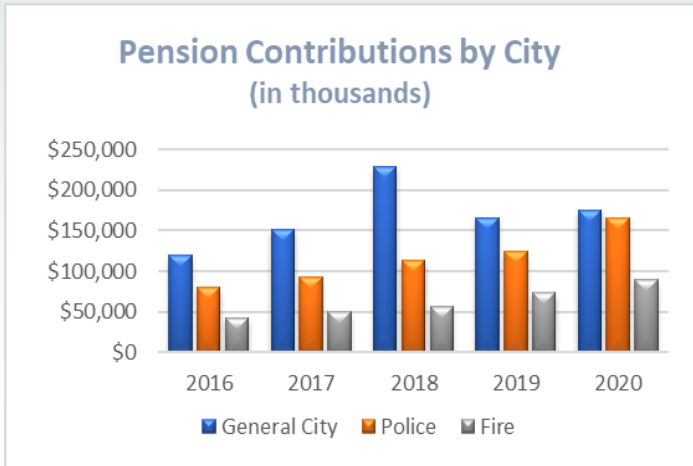
The Solid Waste Fund assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, and recycling activities.

(in thousands)	2016	2017	2018	2019	2020
Residences Served	401	403	405	408	410
City Disposal (in tons)	589	623	596	613	638
Total Disposal (in tons)	896	943	861	939	978
Total Recycling (in tons)	114	120	120	120	124



Pension Plans

Virtually all full-time employees and elected officials of the City are covered by one of three contributory pension plans. The City of Phoenix Employees' Retirement Plan (COPERS) covers general City employees. Sworn police and fire employees are covered by the Arizona Public Safety Personnel Retirement System (APSPRS) and elected officials are covered by the Elected Officials' Retirement Plan of Arizona (EORPA). Information related to COPERS and the City's portion of APSPRS are shown below.

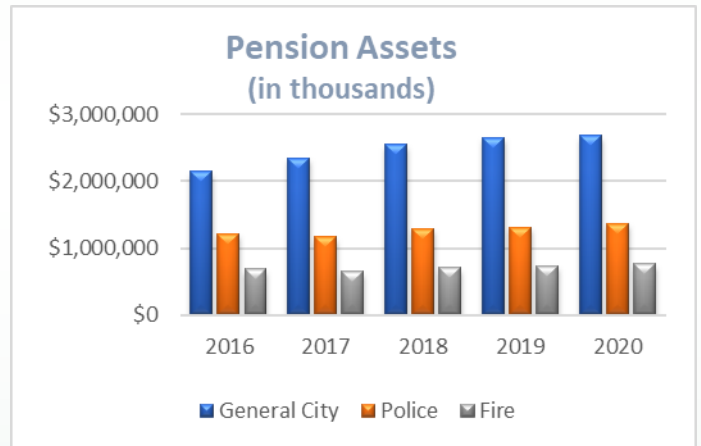


The City contributes to each of the pension plans that covers its employees. An actuarially determined amount is contributed to fully fund benefits for active members and to amortize any unfunded actuarial liability. Per City Charter, the City contributes 100% of required contributions, something not every City does.

In 2018, General City contributions increased due to a \$70.0 million pay-down of the unfunded pension liability in the Wastewater Enterprise Fund.

Employees also contribute a percentage of their pay to the pension plans. The percentage required depends on the pension plan to which they belong. The above graph shows historic contribution information.

Pension assets for all plans have remained steady for the past five years.

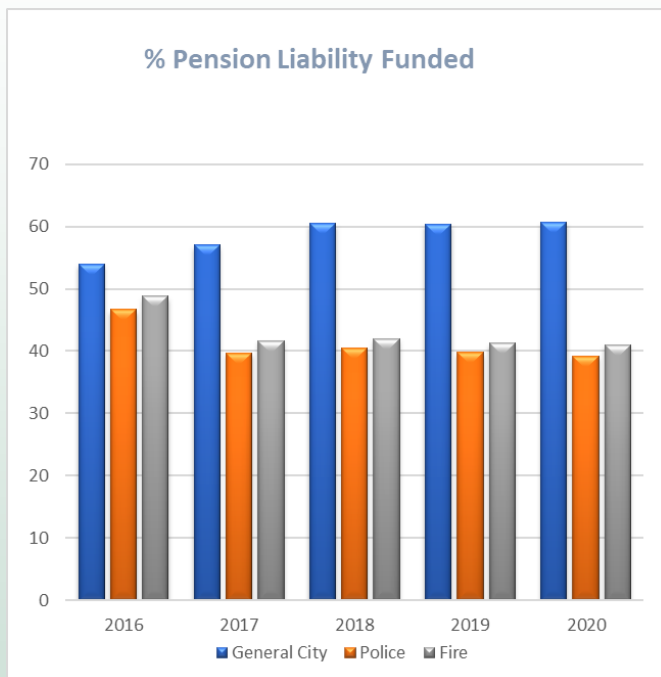


Contributions by the City and the employees are held as assets by each of the respective pension plans. These assets are used to pay current and future retirees.

An independent actuary is hired each year to estimate the liability of each of the pension plans. Plan assets divided by the determined liability equals the percent funded.

The General City percentage increased in 2018 primarily due to an additional \$70.0 million of pension contributions from the Wastewater Enterprise Fund.

Both Police and Fire percentages decreased in 2017 primarily due to changes in actuarial assumptions used to calculate the pension liability.





Key Statistics



Selected City Performance Measures		
	FY 2020	FY 2019
COMMUNITY ENRICHMENT		
<u>Libraries</u>		
Book Circulation (in thousands)	8,529	11,500
Total Stock (in thousands)	3,409	3,800
Number of Library Branches	17	17
<u>Parks and Recreation</u>		
City Parks (number of acres)	45,636	45,636
Number of Playgrounds	279	268
PUBLIC SAFETY		
<u>Police</u>		
Police Precincts	7	7
Police Employees	3,271	3,274
Dispatched Calls for Service	680,834	680,037
<u>Fire</u>		
Fire Stations	59	58
Fire Employees	2,074	2,055
Calls for Service	212,988	206,969
TRANSPORTATION		
<u>Public Transit</u>		
Ridership (in thousands)		
Bus	27,837	34,523
Dial-a-Ride	302	349
Light Rail	8,008	9,822
<u>Streets</u>		
Total Miles	4,863	4,863
Miles Resurfaced and Sealed	359	318
Signalized Intersections	1,153	1,148

